

5 MAR 1975

MEMORANDUM FOR: Director of Logistics

SUBJECT : Evaluation Analysis of Procurement Division Workload

1. After a careful review of the recent Plans & Programs Staff, OL (P&PS), Procurement Study, we are unable to agree with either the statistics presented, the conclusions drawn, or the recommendations derived. However, the questions raised cannot remain unanswered. Fundamental to the study of this problem is the consideration of present as opposed to past conditions. The study apparently neither addressed itself to nor considered "the changed conditions" which existed as of 1 July 1974, the problem period.

2. The attached represents an independent Procurement Division (PD) evaluation of General Procurement Branch's (GPB) operation for the first 6 months of FY 1975 which I believe in and of itself delineates the conditions and thought processes under which the study was prepared. A detailed review of this study results in the following:

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a. The per-individual, and therefore the unit productivity, is as efficient as can be expected under existing circumstances and, as stated in the past, not only compares favorably with but demonstrates that the per-unit productivity is equal to or greater than that which was experienced in our banner year of FY 1974.

2 b. We believe that our quantitative analysis refutes the allegation concerning a 60-day average through-put time.

c. The effect of increasing the delegation of procurement authority to the procurement agents to determine whether or not an increase to \$1,000, \$2,000, etc., would eliminate the alleged "circumferential" flow of paper for approval has been analyzed. Personnel who are limited to \$500 in delegation of authority (six in number) have less than one year's average experience in all of procurement and an increase of their respective delegations at this time without careful review of their capabilities and performance to date is considered inadvisable.

d. Irrespective of where organizationally a small purchase program is conducted, the individual procurement agents will still be constrained by the regulations, procedures, and policy dictates outlined in the attached study.

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3. We believe that this analysis, the intent of which is to present a positive statement of facts, conditions, and considerations, answers the question asked in October 1974, and any additional questions that may have been raised by the recent P&PS study.

4. I have not seen fit to make any recommendations because the conclusions drawn in and of themselves provide courses of action which I believe are self-evident. However, I would recommend that prior to the time you make any decisions, you request that an audit be performed of the Small Purchases Branch, CD/SD/OL, and its operations by the identical auditors who are about to complete their audit of GPB. I believe that you will find the results of such an audit may materially effect your decision on such things as increasing the authorities of Small Purchases Branch buyers, or, for that matter, GPB procurement agents.

5. In conclusion, and irrespective of any action you may choose to take regarding this matter, I have taken the following steps to alleviate the real problem of reducing the current and continuing GPB backlog:

a. Effective immediately, GPB will commence working scheduled overtime through 15 April in an amount equivalent to 2.7 man-weeks per week. The projected effect of this action is to reduce the backlog by approximately 300 funded requirements (requisitions). STATINTL

b. In addition, positive steps will be taken to assign the

action should reduce the current backlog in GPB through this period by approximately 150 requisitions.

c. An immediate study will be undertaken to determine the possible benefits of transferring appropriate small purchase actions to consistent with their charter.
(Completion date: 28 March 1975)

d. We also plan to study the possibility of cross-utilization of Production and Services Contracts Section personnel for high-dollar-volume purchase actions currently in the hands of GPB. Admittedly, only 2 percent of the total GPB actions are in excess of \$10,000, however, an additional benefit may be realized by this action. (Completion date: 28 March 1975)

e. Continuing attempts will be taken, in conjunction with the Chief of Supply Division, to educate requisitioning offices for the purpose of instilling discipline for precisely defining the article or articles required prior to their forwarding an 88 to SD and subsequently to PD.

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6. I hope that the foregoing steps will materially reduce the GPB backlog, however, the reservations taken in the fiscal years 1973 and 1974 annual reports regarding staffing complement, coupled with the undisputed additional burden of the December 1973 ADPE delegation, appears to be further substantiated by this study.

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Chief, Procurement Division, OL

Att

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